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For Immediate Release
December 4, 2001

**CORPORATION PLEADS GUILTY TO
MAJOR CONTRACT FRAUD AGAINST THE UNITED STATES**

SACRAMENTO – United States Attorney John K. Vincent announced that AMEC CONSTRUCTION MANAGEMENT, INC., formerly known as MORSE DIESEL INTERNATIONAL, INC., of New York, pled guilty today in U.S. District Court in Sacramento to one count of major contract fraud against the United States, in a case arising from the construction of the federal building in Sacramento and an upgrade on another federal building in San Francisco. Sentencing before U.S. District Court Judge Lawrence K. Karlton was scheduled for February 12, 2002.

According to court documents, the plea agreement was based on two government contracts awarded by the United States General Services Administration to MORSE DIESEL INTERNATIONAL, INC., now known as AMEC CONSTRUCTION MANAGEMENT, INC. The first contract, awarded on July 19, 1995 in the amount of nearly \$100 million, was for the construction of the federal building in Sacramento, California. The second contract, awarded on February 15, 1995 in the amount of approximately \$12 million, was for the seismic and electrical upgrade of the U.S. Customs House in San Francisco, California.

On November 20, 2001, an Information was filed charging the company with one count of Major Contract Fraud Against the United States, in violation of 18 U.S.C. §§ 2, 1031(a). The Information alleged that the General Services Administration was defrauded in connection with bond costs billed by the company on the San Francisco contract.

According to the plea agreement filed today, under the progress payment section of the San Francisco contract, the company could only be reimbursed for the actual bond cost incurred by the company after certifying and providing evidence that full payment had already been made for the costs of the bond. The plea agreement noted that company officials submitted a false invoice for the bond premium in the amount of \$75,246 in support of a progress payment application under the contract. The invoice was stamped "paid" as of May 12, 1995, when in fact it had not been paid. Based upon the invoice and the certification, the General Services Administration paid the company the amount of the invoice. Under the terms of the plea agreement, the parties agreed that a nearly \$700,000 fine was appropriate. The fine was based upon the San Francisco conduct and similar conduct involving the larger Sacramento federal courthouse contract.

The case was prosecuted by Assistant U.S. Attorney Mark L. Krotoski in Sacramento and Assistant U.S. Attorney Elise Becker in San Francisco. Krotoski noted that court documents and the investigation established that the company had engaged in a pattern of similar conduct. In November 2000, the company pled guilty in federal court in the Eastern District of Missouri to one count of submitting a false claim to the U.S. General Services Administration concerning a contract for the federal building in St. Louis, Missouri. According to court documents in that case, the company submitted a claim that the bond premium had been paid when in fact it had not. In that case, the company paid a fine of \$500,000.

The cases were investigated by the Office of Inspector General, Office of Investigations, U.S. General Services Administration.

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